

IN THE SUPREME COURT OF TENNESSEE  
SPECIAL WORKERS' COMPENSATION APPEALS PANEL  
AT JACKSON  
(April 2000 Session)

**JONATHAN DUFFY v. TECUMSEH PRODUCTS CO.**

**Direct Appeal from the Circuit Court of Henry County  
No. 1141 C. Creed McGinley, Judge**

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**No. W1999-00766-WC-R3-CV - Mailed August 31, 2000; Filed November 14, 2000**

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This workers' compensation appeal has been referred to the Special Workers' Compensation Appeals Panel of the Supreme Court in accordance with Tenn. Code Ann. § 50-6-225(e)(3) for hearing and reporting to the Supreme Court of findings of fact and conclusions of law. The defendant, Tecumseh Products Company (Tecumseh), appeals the judgment of the Circuit Court of Henry County which ordered Tecumseh to pay medical expenses to the plaintiff, Jonathan Duffy (Duffy). For the reasons stated in this opinion, we find the trial court erred and reverse the judgment of the trial court.

**Tenn. Code Ann. § 50-6-225(e) (1999) Appeal as of Right;  
Judgment of the Circuit Court Reversed**

W. MICHAEL MALOAN, SP. J., delivered the opinion of the court, in which JANICE M. HOLDER, J., and HENRY D. BELL, SP. J., joined.

David Hessing, Paris, Tennessee, for the appellant, Tecumseh Products Co.

Ricky L. Boren, Jackson, Tennessee, for the appellee, Jonathan Duffy.

**MEMORANDUM OPINION**

The relevant facts are not in dispute. Duffy injured his neck at Tecumseh's Paris, Tennessee, plant on February 13, 1998. Tecumseh denied Duffy's workers' compensation claim and did not pay any benefits. At the July 13, 1999, trial, the parties stipulated Duffy's medical bills were \$38,445.14. The trial court found Duffy's injury to be compensable and awarded permanent partial disability of forty-five percent (45%) to the body as a whole; and ordered Tecumseh to pay Duffy's medical bills of \$38,445.14.

On August 27, 1999, Duffy filed a post-trial motion to order Tecumseh to pay the total medical expenses directly to him and his attorney. The total amount of the medical bills incurred

for Duffy's medical care was \$31,117.09. Kentucky Medicaid<sup>1</sup> paid \$8,148.27 in full settlement of the total charges of \$31,117.09. Duffy's attorney assured the trial court that all health care providers would be reimbursed less his attorney's fees. Tecumseh agreed to reimburse all health care providers and Duffy for his out-of-pocket medical expenses only.

On September 2, 1999, the trial court ordered Tecumseh to pay \$38,445.14 directly to Duffy and his attorney and required them to reimburse Kentucky Medicaid. Tecumseh has appealed only that part of the trial court's order requiring it to pay the total medical bills to Duffy and his attorney. Duffy filed a motion for this panel to find this appeal to be frivolous and award damages.

### ANALYSIS

The scope of review of issues of fact is *de novo* upon the record of the trial court, accompanied by a presumption of correctness of the findings, unless the preponderance of the evidence is otherwise. Tenn. Code Ann. § 50-6-225(e)(2), *Lollar v Wal-Mart Stores, Inc.*, 767 S.W.2d 43 (Tenn. 1989). Questions of law are reviewed *de novo* with no presumption of correctness. *Cunningham v Shelton Sec. Services, Inc.*, 958 S.W.2d 338, 340 (Tenn. 1997).

The sole issue presented for review in this case is whether the trial court erred in ordering the employer to pay medical expenses directly to the employee and his attorney rather than the health care providers.

Ordinarily, in a workers' compensation case in which compensability is accepted, the employer pays the injured employee's reasonable and necessary medical bills directly to the approved health care provider. The employee is reimbursed for any out-of-pocket medical expenses he or she may have paid. When a claim is denied as in the present case, the employee may obtain medical care at his or her own expense through a group or individual health insurance plan or from a government health care program such as Medicaid. If the claim is found to be compensable, the employer becomes liable for the employee's medical expenses. The question presented in this case is who has the legal obligation to reimburse Kentucky Medicaid and to thereby receive the corresponding benefit of the discounted medical bills?

Tecumseh admits Duffy's medical expenses are reasonable and necessary; that it is legally responsible for and will pay his medical expenses; and that it will reimburse Kentucky Medicaid and Duffy for any medical expenses he has paid related to his injury. Tecumseh maintains that it has the statutory obligation to pay medical expenses pursuant to Tenn. Code Ann. § 50-6-204, whether the claim for benefits was accepted as compensable or contested; that it has the right to review medical bills prior to payment, and that it should not assume the risk Duffy might not pay the medical bills. Duffy insists Tecumseh is legally obligated to pay the medical expense in full and that the trial court's order requiring Tecumseh to pay the full amount of the medical expenses to Duffy and his attorney to reimburse Kentucky Medicaid adequately protects Tecumseh from the possibility of

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<sup>1</sup>Duffy is a resident of Murray, Kentucky.

having to pay the medical bills twice.

We find this issue is controlled by the language of Tenn. Code Ann. § 50-6-204(a)(1) and by the Tennessee Supreme Court decision of *Staggs v National Health Corp.*, 924 S.W.2d 79, 81 (Tenn. 1996).

Tenn. Code Ann. § 50-6-204(a)(1) provides in part:

The employer or employer's agent shall furnish free of charge to the employee such medical and surgical treatment, medicine, medical and surgical supplies, . . . made reasonably necessary by accident, . . . as may be reasonably required; . . . .

In *Staggs*, the Supreme Court held as follows:

An employee is not entitled to personally receive payment for medical expenses unless he or she personally paid the medical expenses and is due reimbursement. Instead, employers must pay the providers of medical care directly for incurred medical expense.

*Skaggs*, 924 S.W.2d at 81.

Tennessee's workers' compensation law provides to injured workers medical, disability, and death benefits, each of which is defined by statute. Tenn. Code Ann. § 50-6-204(a)(1) and *Staggs* require the employer to furnish free of charge to the employee reasonable and necessary medical treatment and to reimburse the employee for medical expenses personally paid by the employee. To require Tecumseh to pay the total medical expenses to Duffy and to allow Duffy to reimburse Kentucky Medicaid and other health care providers would allow Duffy to retain the difference between the amount billed and the amount actually accepted for payment by the provider. That result would provide an additional benefit to the employee not authorized by statute.

This panel is mindful that Tenn. Code Ann. § 50-6-116 directs the law "be given an equitable construction by the courts" and that numerous decisions direct the courts to construe the workers' compensation law liberally and to resolve any doubt in favor of the employee. *Ingram v State Industries, Inc.*, 943 S.W.2d 381 (Tenn. 1995). However, to affirm the trial court's order would be to ignore Tenn. Code Ann. § 50-6-204(a)(1) and *Staggs*.

The judgment of the trial court that the defendant, Tecumseh Products Company, pay medical expenses directly to the plaintiff, Jonathan Duffy, is reversed. Duffy's motion for frivolous appeal is overruled. The plaintiff, Jonathan Duffy, is taxed with the costs of this appeal.

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W. MICHAEL MALOAN, Special Judge  
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**JUDGMENT**

This case is before the Court upon the entire record, including the order of referral to the Special Workers' Compensation Appeals Panel, and the Panel's Memorandum Opinion setting forth its findings of fact and conclusions of law, which are incorporated herein by reference;

Whereupon, it appears to the Court that the Memorandum Opinion of the Panel should be accepted and approved; and

It is, therefore, ordered that the Panel's findings of fact and conclusions of law are adopted and affirmed, and the decision of the Panel is made the judgment of the Court.

Costs on appeal are taxed to the Appellee, Jonathan Duffy, for which execution may issue if necessary.

**IT IS SO ORDERED.**

**PER CURIAM**